

United States
Department of
Agriculture

Forest
Service

Manti-LaSal
National Forest

150 South Main 6-4
Ephraim, Utah 84627

DOGM
MINERALS PROGRAM
FILE COPY

Reply To: 2820

Date: December 16, 1993

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
355 West North Temple
3 Triad Center, Suite 350
Salt Lake City, Utah 84180-1203

RECEIVED
DEC 20 1993
DIVISION OF
OIL, GAS & MINING

Gentlemen:

The following is in reply to your letters of October 12, 1993 and November 23, 1993 concerning the reclamation surety bond on the Henry 1 and 2 mine site being operated by Harold E. Davis.

As was acknowledged in both of your letters, the operator has secured a Certificate of Deposit in the amount of \$33,000 to assure that the agreed upon mine site reclamation takes place upon completion of mining operations. Harold E. Davis has entered into an agreement whereby he has assigned and set over all right, title and interest in the Certificate of Deposit to the U.S. Forest Service to cover the terms of the approved Plan of Operations. Enclosed is a copy of the agreement accepted by the Forest Service on April 17, 1991, which lists the terms of the assignment for Mr. Davis, the financial institution physically holding the certificate and the U.S. Forest Service.

In your November 23, 1993 letter, you request an explanation of how the Forest Service would access the surety in the event of the need of bond forfeiture. Please refer to the Agreement for a detailed explanation of the process.

In the letter dated October 12, 1993, there is a discussion concerning the amount that the reclamation bond ought to be. As was mentioned, we have a copy of the details of the Division's reclamation estimate. This is being compared to the reclamation requirements and to the calculations used in making the Forest Service estimate. Until a decision is made concerning whether or not a change in the amount is justified, the Forest Service is going to still require a \$33,000 reclamation bond.

Realizing that we are partners in the administration of this mining operation, as outlined in the Memorandum of Understanding signed in September of 1989, I am signing and returning to you a copy of the Confirmation Letter/Agreement for Reclamation Surety.

Hopefully I have responded to the requests made in both of your letters that have been referenced. If you need additional information or input from this office, please let us know.

The next time you plan on visiting the Henry 1 and 2 mining operation, please give us a call, as we would like to meet with you on the ground and discuss the operation.

Sincerely,

A handwritten signature in cursive script, reading "Thomas H. Shore", followed by a horizontal line.

THOMAS H. SHORE
District Ranger

Enclosure